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SUBJECT: FOLLOW-UP ON APRIL 2003 TRANSOCEAN HOSTAGE TAKING

REF: A. LAGOS 1088

[B](#). ABUJA 813

[C](#). ABUJA 810

[D](#). ABUJA 807

[E](#). ABUJA 806

[F](#). ABUJA 768

1.(SBU) During an early August visit to Port Harcourt, Corporate Responsibility Officer (CRO) met with Russel Pousson, Manager for Operations of Transocean Sedco Forex, the Houston-based oil service company whose four off-shore rigs were the target of an April 2003 hostage-taking by members of the National Union of Petroleum and Natural Gas Workers (NUPENG), Nigeria's union of blue-collar oil and gas workers. That siege, which held 96 expatriate oil workers (including 17 AMCITS) hostage for 15 days, ended after Ambassador Jeter appealed to President Obasanjo and the President of the Nigerian Labor Congress, who interceded with NUPENG's national leadership and facilitated a negotiated end to the standoff. (Note: As reftels report, the actions of the local Transocean chapter of NUPENG were not condoned by NUPENG's national leadership, which led to a division that persists through ongoing negotiations with Transocean's management. End Note)

2.(SBU) According to Pousson, none of the 350 NUPENG workers employed by Transocean has been allowed back on the rigs. Non-union laborers obtained from a Nigerian contractor are manning the rigs, all of which are in full operation. 88 NUPENG members were fired in late April for participating in the hostage-taking, which Transocean (and the rest of the oil/gas community) views as a criminal act. Their salaries have stopped and, according to Pousson, many have come in to Transocean's Port Harcourt office to collect their severance pay, which is viewed as acceptance of their termination. The remaining 240 or so NUPENG members employed by Transocean are sitting at home, collecting base salary -- as required by NUPENG's collective bargaining agreement with Transocean -- but none of the supplemental allowances such as housing, travel, rig premium pay, etc. (Note: The Nigerian government taxes only base salary, therefore the typical compensation plan for a Nigerian worker includes myriad supplemental allowances that together account for the majority of the compensation. End Note)

CODE OF CONDUCT SOUGHT

[3](#). (SBU) The Lagos-based Managing Director of Transocean's Nigeria operations, Ian Clark, continues meetings with NUPENG's national management in an attempt to reach a settlement allowing the NUPENG workers back to work on the rigs, according to Pousson. The lack of a settlement, however, has not affected the company adversely he, insisted. NUPENG workers will only be allowed back to work when they agree to abide by a new "code of conduct" being developed by MD Clark and which will cover criminal acts such as the hostage-taking. Even when the code of conduct is accepted, NUPENG workers will be phased in gradually and will not be allowed in such large groups on individual rigs as existed before. "We learned our lesson," noted Pousson, who explained that the NUPENG workers onboard the Transocean rigs in April greatly outnumbered the expatriates staff, which was overwhelmed.

[4](#). (SBU) CRO asked if Transocean was still vulnerable to additional work action from NUPENG. The Operations Manager insisted that NUPENG has lost its battle with Transocean and, with its Transocean members fired or on effective furlough, is now incapable of affecting Transocean operations. "We broke their back," concluded Pousson. The Transocean official noted that the all other operating or oil service companies have been watching Transocean's experience with NUPENG with great attention and full support for the company.

RIG TRANSPORT ISSUE A RED HERRING?

15. (SBU) Pousson noted that the hostage taking started out of NUPENG members' anger over Transocean management's decision to fire five senior NUPENG members for allegedly defrauding Transocean through false expense claims. The NUPENG workers publicly cited their demand for transportation to/from the deep-water off-shore rigs via helicopter, as the expatriate oil workers are transported, vice the slow supply boats. The Transocean manager stated that this was a weak case on which to hang NUPENG's justification for the hostage-taking, noting that other companies follow the same practice as it is impractical to change large crews (50 or more) via helicopters that hold six to eight passengers. More to the point, claimed Pousson, transportation for the change of crews is not the responsibility of the oil service company (e.g. Transocean) but rather is provided by the Operating Company owning the field being drilled or pumped, such as Shell, ChevronTexaco or Agip.

16. (SBU) While refusing to disclose the salaries paid to Transocean's Nigerian workers, Pousson claimed that Transocean's compensation is "70 percent" higher than the industry average and "30 percent" higher than its next closest competitor. If the high salaries paid to Nigerian staff were to "get out" in the public, NUPENG would lose a lot of sympathy, opined the Transocean manager.

ROBERTS